

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Parra Analyst: Anne Mazur Bill Number: AB 2585  
 Related Bills: See Prior Analysis Telephone: 845-5404 Amended Date: May 20, 2004, & June 29, 2004  
 Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Legislative Analyst in Conjunction w/ BOE & FTB Calculate State Tax Revenues Derived From or Attributable to Joint Strike Fighter Impact Zone

- \_\_\_\_ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.
- \_\_\_\_ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- ☒ AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced February 20, 2004.
- \_\_\_\_ FURTHER AMENDMENTS NECESSARY.
- \_\_\_\_ DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.
- ☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 20, 2004 STILL APPLIES.
- ☒ OTHER – See comments below.

**SUMMARY**

This bill would require the Franchise Tax Board (FTB) to determine the increase in state income tax revenues attributable to locating the Joint Strike Fighter (JSF) program in Kings County.

This analysis addresses only those provisions of the bill affecting the FTB.

**SUMMARY OF AMENDMENTS**

The May 20, 2004, amendments:

- Revise intent language relating to calculating increases in state revenues and determining state funding for emissions mitigation.
- Substitute the California Research Bureau for the Legislative Analyst as the entity charged with consulting with the FTB and Board of Equalization (BOE) to determine the revenue increase.
- Revise and delete language relating to air pollution mitigation, creation of a Joint Strike Fighter Impact Zone Account, and state mandated costs, which have no impact on the FTB.

Board Position:

\_\_\_\_ S      \_\_\_\_ NA      ☒ NP  
 \_\_\_\_ SA      \_\_\_\_ O      \_\_\_\_ NAR  
 \_\_\_\_ N      \_\_\_\_ OUA      \_\_\_\_ PENDING

Legislative Director

Date

Brian Putler

7/7/04

The June 29, 2004, amendments add language, relating to emission reductions, that has no impact to the FTB.

Except for the "This Bill" discussion, the department's analysis of the bill as introduced February 20, 2004, still applies. A new "This Bill" discussion is provided. The department's POSITION and IMPLEMENTATION CONSIDERATIONS are restated below for convenience.

## **POSITION**

No position.

## **THIS BILL**

This bill would require FTB to establish a state income tax revenue baseline for taxes imposed pursuant to the Personal Income Tax Law and the Corporation Tax Law and attributable to the Joint Strike Fighter Impact Zone, defined as Kings County, for the fiscal year 2003-2004. This information would be furnished to the California Research Bureau to be included in a report due no later than December 31, 2004. For fiscal year 2006-2007, and each fiscal year thereafter, FTB would report to the California Research Bureau on the state income tax revenue attributable to the Joint Strike Fighter Impact Zone for inclusion in a report due not later than December 31<sup>st</sup> of the subsequent year.

The Legislature may appropriate some portion of the anticipated revenue increase to pay for mitigation of air pollution caused by the JSF operations.

## **IMPLEMENTATION CONSIDERATIONS**

The "base fiscal year (2003-04)" overlaps two taxable years, 2003 and 2004. The tax returns for those years are due (from calendar year taxpayers), respectively, not later than October 15, 2004, and October 17, 2005. That makes it impossible to include that information in a report due no later than December 31, 2004. This timing problem carries through for all reporting periods. For example, the FTB 2002 Annual Report was prepared in September of 2003 and reflects taxable year 2001 income tax returns.

A methodology would need to be developed to distinguish JSF income tax impact from other factors, such as normal economic growth. Also, a methodology would need to be developed to attribute corporate income tax receipts by county.

## **LEGISLATIVE STAFF CONTACT**

Anne Mazur  
Franchise Tax Board  
845-5404  
[anne.mazur@ftb.ca.gov](mailto:anne.mazur@ftb.ca.gov)

Brian Putler  
Franchise Tax Board  
845-6333  
[brian.putler@ftb.ca.gov](mailto:brian.putler@ftb.ca.gov)